

May 29, 2003

COMPLIANCE AND BUSINESS INTEGRITY (CBI) PROGRAM

1. PURPOSE: This Veterans Health Administration (VHA) Directive provides instructions and the necessary criteria and requirements for the implementation of a Compliance and Business Integrity (CBI) Program at VHA Central Office, Veterans Integrated Service Network (VISN), and Department of Veterans Affairs (VA) medical center levels.

2. BACKGROUND

a. **Executive Decision Memorandum.** In September 1999, the Under Secretary for Health for VA released a Compliance Executive Decision Memorandum establishing the creation of a Compliance Program for VHA. This Memorandum, the result of heightened awareness of the importance of effective controls and business processes, supports the delivery of patient care. Changes to operational controls and processes resulted from activities such as: billing third party insurers through Medical Care Cost Fund (MCCF), and moving toward reasonable charges and refinements to the Veterans Equitable Resource Allocation (VERA) model. Moreover, it is the expectation of key stakeholders (e.g., Congress, Office of Management and Budget (OMB)) that VHA strengthen the structures of accountability, which have driven these and other changes.

b. **Opportunities for Improvement.** Several recent events within VHA have highlighted significant opportunities for improvement in areas such as: accuracy of medical coding, adequacy of clinical documentation to support administrative and billing activities, billing accuracy, and data integrity. While VHA has attempted to address these issues through focused work groups, the need for an integrated framework to address a broad range of interconnected business and operational activities has become clear.

c. **Department of Health and Human Services (DHHS), Office of Inspector General (OIG) Compliance Program Guidance for Hospitals.** After extensive study and review, the Under Secretary for Health decided that the most strategic and effective response to these challenges would be through the implementation of a system-wide Compliance Program, modeled on the Compliance Program Guidance for Hospitals published by Department of Health and Human Services (DHHS), Office of Inspector General (OIG). Private sector health care organizations have long been plagued by a similar set of complex, interconnected challenges in their own business and operational activities. Although public sector healthcare has some key differences from private sector health care, VHA was now facing many of the same challenges previously faced by their colleagues in the private sector. Thus, incorporating DHHS's Compliance Program Guidance was seen as a strategic and appropriate way for VHA to facilitate the resolution of issues and the implementation of system-wide improvements.

d. **Infrastructure.** The infrastructure of VHA's CBI Program is adopted from the DHHS Compliance Program Guidance for Hospitals. This infrastructure has eight basic elements:

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(1) The designation of compliance officers and other appropriate bodies, (e.g., an advisory committee responsible for the design, implementation, and ongoing oversight of the program), that report to the highest level of organization management.

(2) The development and distribution of written standards, as well as written policies and procedures, that address specific areas of compliance risk, (e.g., appropriate and complete clinical documentation, accurate processes for coding and billing, avoidance of self-referrals, adherence to requirements of the List of Excluded Individuals and Entities (LEIE)) and that promote VHA's commitment to CBI.

(3) The development and implementation of regular, effective compliance education and training programs for executives, managers, employees, and clinicians.

(4) The maintenance of an internal reporting process, such as,

(a) A help line, to receive questions, complaints, and concerns.

(b) The adoption of procedures consistent with existing VA policies and procedures that require VA employees to report certain activities to protect the anonymity of those who report.

(5) The development of a system to respond promptly and appropriately to questions, complaints, and concerns.

(6) Compliance with VA policies and procedures pertaining to personnel actions.

(7) The use of audits and other evaluation techniques to monitor areas of compliance risk, and to assist in the reduction of identified problem areas. These techniques should also evaluate the effectiveness of the CBI Program.

(8) The investigation and remediation of identified problems.

e. **Goal.** The aim of VHA's system-wide CBI Program is to add value through the improvement of business processes, in four principal ways: to prevent inappropriate business practices and conduct from occurring; to identify them if and when they do occur; to correct those that have been identified; and to encourage best practices and standards of excellence in the business arena.

3. POLICY: It is VHA policy that a CBI Program be instituted at all levels of the organization: Central Office, VISNs, and VA medical centers.

4. ACTION

a. **Under Secretary for Health.** It is the responsibility of the Under Secretary for Health, or designee, to:

(1) Establish a national Compliance Advisory Board (CAB) with the following charter.

(a) Role. The CAB serves in a threefold advisory role, to:

1. The Director, CBI, chiefly as it relates to the operation of the program.
2. The Executive Committee of the National Leadership Board, chiefly as it relates to the effectiveness of the program.
3. The Office of the Under Secretary for Health through the Chief of Staff, as it relates to the governance of the program.

(b) Scope of Responsibilities. Specific CAB responsibilities and authorities include:

1. Ensuring that VHA establishes and maintains clear and consistent standards of conduct and business practice.
2. Ensuring that the VHA CBI Program effectively communicates these standards and expectations to all employees of the health system.
3. Ensuring that the CBI Program provides direction, assistance, and support to field units in order to identify, correct, and prevent violations of these standards.
4. Ensuring that the CBI Program provides meaningful measures of effectiveness for VHA leadership, and conducts ongoing reviews of those measures.
5. Reviewing the CBI Program business and strategic plans.
6. Reviewing directives, policies, and memorandum that pertain to the CBI Program functions.
7. Reviewing the resources dedicated to the CBI Program, and assessing their adequacy at all levels.
8. Reviewing, with the assistance of General Counsel, matters which may require reporting to other entities within VA, or to external agencies outside VA.
9. Ensuring that the CAB has the necessary autonomy, authority, and resources so that issues brought to its attention by the Director, CBI, can be promptly and appropriately resolved.
10. Receiving and reviewing quarterly reports from the Director, CBI. These reports are to include such things as:
 - a. Program implementation issues;
 - b. Operational issues, at all levels; and

c. Patterns of potential improper conduct that may merit the attention of the Chief of Staff and/or the Under Secretary for Health.

11. Assisting the Director, CBI, in the closure of any issues reported which, because of their scope or complexity, defy normal protocols for closure.

12. Assisting the Director, CBI, in preparing reports regarding the CBI Program to the Under Secretary for Health and the National Leadership Board. These reports should be submitted, at least, annually.

(2) Appoint a Director, CBI, to provide oversight and direction to VHA's system-wide CBI Program.

b. **Director, CBI.** Director, CBI, receives operational advice from VHA's CAB, and:

(1) Reports on a day-to-day basis to the VHA Chief of Staff.

(2) Provides quarterly reports to the National Leadership Board.

(3) Provides oversight and direction to VHA's system-wide CBI Program.

c. **VHA Chief of Staff.** The VHA Chief of Staff, or designee, is responsible for appointing the CAB membership composed of staff members from VHA Central Office, networks, and VA medical centers. Additional functional representation may be added on an as-needed basis to provide technical or content expertise, such as: Office of Inspector General, Office of the Medical Inspector, Office of General Counsel, or others.

(1) **Chair.** A VISN Director is to be appointed as Chair and generally serves for 2 years.

(2) **Vice-chair.** A VISN Director is to be appointed as Vice-chair, and generally serves for two years.

(3) **General Membership.** The membership of the CAB consists of permanent members, and rotating members and ex-officio members.

(a) **Permanent Members.** Permanent Members consist of the following:

1. Assistant Deputy Under Secretary for Health for Operations and Management, or designee, (10N).

2. Three Network Directors (includes Chair and Co-Chair).

3. Chief Officer, Academic Affiliations (14).

4. Chief Information Officer for Health (19).

5. Chief Research and Development Officer (12).
6. Chief Officer, Quality and Performance (10Q).
7. Director, Office of Human Research Oversight.
8. Chief Officer Patient Care Services (11).
9. Chief Financial Officer (17).
10. Labor Organization Representative.
11. Chief Business Officer (16).
12. Director, Office of Information Assurance (19F2).
13. Chief of Staff (10B).
14. General Counsel (02).
15. Director, Office of Compliance and Business Integrity (10B3).
16. Chief Officer Policy and Planning (105)

(b) Rotating Members. Each rotating member serves a 2-year term. At the end of each fiscal year, half of the rotating members are to be replaced through appointment by the VHA Chief of Staff. Rotating members consist of a:

1. Medical center Director
2. Medical center Associate Director.
3. VISN Compliance Officer.
4. Medical center Compliance Officer.
5. VISN or medical center Chief Financial Officer.
6. VISN or medical center clinical manager.

d. VISN Director. It is the responsibility of the VISN Director to ensure effectiveness and consistency in the VISN CBI effort, by:

(1) Designating a VISN CBI Officer, and

(2) Establishing a VISN-level CAB.

e. **VISN CBI Officer.** It is the responsibility of the VISN CBI Officer to:

(1) Ensure effectiveness and consistency in the VISN CBI effort;

(2) Ensure alignment of the VISN CBI Program with the VACO CBI Program;

(3) Report to the VISN Director, or equivalent;

(4) Receive operational guidance from an interdisciplinary, VISN-level CAB; and

(5) Provide a report, at least annually, to the VHA Director, CBI.

f. **VA Medical Center Director.** It is the responsibility of the medical center Director to ensure effectiveness of the CBI effort within the medical center and its entities, by:

(1) Designating a VA medical center CBI Officer, and

(2) Establishing a VA medical center-level CAB.

g. **VA Medical Center CBI Officer.** It is the responsibility of the medical center CBI Officer to:

(1) Ensure effectiveness of the CBI effort within the medical center and its entities;

(2) Report to the VA medical center Director, or equivalent;

(3) Receive operational guidance from an interdisciplinary, VA medical center-level CAB; and

(4) Provide a report, at least annually, to the VISN CBI Officer.

5. REFERENCE: DHHS OIG Compliance Program Guidance for Hospitals (Federal Register Vol. 63, No. 35, February 23, 1998).

6. FOLLOW UP RESPONSIBILITY: The VHA Director, CBI (10B3), is responsible for the contents of this Directive. Questions may be addressed to 202-501-1831.

7. RESCISSIONS: VHA Directive 99-052 is rescinded. This VHA Directive expires May 31, 2008.

Robert H. Roswell, M.D.
Under Secretary for Health

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